Template Letter to Corporate Clients – Hybrid Postal Address Migration

Subject:

Action Required: Upcoming Changes to Postal Address Requirements in Cross-Border Payment Messages

Body:

Dear [Customer Name],

We hope this message finds you well.

We are writing to remind you of an important change in the payments industry that will directly impact the way your organization provides postal address data in payment initiation messages.

What Is Changing?

Between November 2025 and November 2026, there will be three valid formats for providing postal addresses in cross-border payment messages:

1. Fully structured (already available and strongly recommended)
2. Hybrid (available starting November 2025)
3. Fully unstructured (to be decommissioned by November 2026)

After November 2026, only fully structured or hybrid postal addresses will be accepted. Payments not adhering to these formats may be rejected or delayed, potentially impacting processing timelines and increasing operational overhead.

What Is the Hybrid Postal Address Format?

The hybrid postal address format enables you to combine structured and unstructured address data. At a minimum, the structured part must include the Town Name and Country Code (ISO 2-letter format). However, we strongly encourage you to provide as much address information as possible in the structured data elements—such as Postal Code, Street Name, and Building Number—whenever this data is available in a structured form.

The unstructured address lines should only be used for information that cannot be reliably structured or does not fit into the available structured data elements. This approach helps maximize data quality and processing efficiency, while still allowing flexibility for complex or non-standard address elements.

Please note: Only Town Name and Country Code are mandatory in the structured part, but including additional structured fields (like Postal Code) is both permitted and recommended. It is not best practice to restrict the use of unstructured address lines when other structured fields are present; doing so may unnecessarily limit flexibility and complicate migration.

Our goal is to make this transition as smooth as possible for your organization. We encourage you to use structured data wherever feasible, but also to take advantage of the hybrid format's flexibility to ensure all necessary address information is captured.

- A structured Town Name
- A structured Country Code (ISO 2-letter format)

The rest of the address (e.g., post code, street name, building details) may be included in two lines of unstructured text (Address Line), but these must not duplicate the structured fields.

Example:

```
<PstlAdr>
  <TwnNm>BRUSSELS</TwnNm>
  <Ctry>BE</Ctry>
  <AdrLine>HOOGSTRAAT 6, 18TH FLOOR, 1000</AdrLine>
</PstlAdr>
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Refer to the PMPG Hybrid Address Industry Guidance for more information.

Your Immediate Actions

We kindly request your organization to:

1. Review and assess your existing payment initiation systems and data formats, including legacy formats such as MT101 or proprietary files.
2. If you are not already doing so, prepare to support the hybrid or fully structured postal address format by November 2026.
3. Ensure that by November 2026, all postal addresses provided for the:
   - Debtor (this information is typically provided by the Debtor Agent based on data captured during customer onboarding/KYC);
   - Creditor;
   - Ultimate Debtor/Creditor (if applicable);
   - And related agents, if no BIC is available,

   are submitted using either the fully structured or hybrid format.

4. Whether using the fully structured or hybrid format, you must provide at least a structured Town Name and a structured Country Code (ISO 2-letter format) and for each party.

! If your records do not currently include the Town Name and Country Code for these parties, please prioritize reaching out to your payees and begin collecting this information as soon as possible. Timely action is essential to ensure compliance with the upcoming requirements and to avoid any disruption to your payment processing.

5. If you are still using MT messages or other non-ISO 20022 communication protocols, please ensure that address data includes Town Name and Country as structured elements, even when submitted via semi-structured fields.

   Example using the MT101 Field 59 (F-option) format for a hybrid postal address:

   :59F:/BE30001216371411
   1/JOHN SMITH
   2/HOOGSTRAAT 6, 18TH FLOOR
   3/BE/BRUSSELS, 1000

   Where:
   1/= Name (JOHN SMITH)
   2/=Address Line (HOOGSTRAAT 6, 18TH FLOOR)
   3/=Country Code (BE), Town Name (BRUSSELS), and Postal Code (1000)

Attention:

! For pain.001 version 3 and version 9, the fully unstructured postal address option allows up to 7 lines of Address Line (AdrLine), providing flexibility for complex addresses. However, when using the hybrid postal address format, only 2 lines of AdrLine are permitted. Please ensure your systems and data mapping reflect this limitation to avoid processing issues.

! If agents are identified by name and postal address in MT messages, the D option should be used, following the same structure as field 50/59F. This approach ensures frictionless processing by the Debtor Agent upon receipt, aligning with best practices for address data submission.

! With the implementation of Standards Release (SR) 2026, from November 2026 onwards, only Option F in MT101 messages will enable the transmission of properly structured postal addresses—specifically, the line containing the Town Name and Country Code will be mandatory for cross-border payments. Only Option F provides the structure required for these transactions.

Some local payment methods—such as domestic transfers or SEPA—may still allow the initiation of payments using MT101 fields 50/59 with unstructured data. However, when address details are provided in an unstructured format, the bank processing the transaction will not be able to pass on these details—only the name of the party will reliably be transmitted. This limitation could lead to payment delays, rejections, or costly follow-up inquiries, especially for cross-border payments where structured address information is required.

Migration to ISO 20022 and pain.001

To fully benefit from this transition, we strongly recommend migrating to the ISO 20022 messaging standard, specifically using the pain.001 message format for payment initiation. This will:

- Improve straight-through processing (STP)
- Reduce manual interventions and errors
- Enhance data quality and integrity throughout the payment lifecycle
- Facilitate compliance with global regulatory and screening requirements

How We Support You *(optional, if available by the servicing bank)*

We are here to assist your organization in preparing for this change. Over the coming months, we will:

- Provide detailed format specifications
- Offer testing support
- Review legacy mappings and help design compliant templates
- Share additional resources, including address validation tools where applicable

Timeline at a Glance

Date	Milestone
22 November 2025	Hybrid postal address becomes available
14 November 2026	Fully unstructured addresses no longer accepted (end-date)

Note on Domestic and Jurisdictional Payments:

While the changes described in this letter primarily affect cross-border payments, please be aware that similar requirements may apply to certain domestic or jurisdictional payments—such as when one of the parties is outside the relevant country or region (for example, SEPA payments involving a party outside the European Union (EU)" or "European Economic Area (EEA), where the debtor's address becomes mandatory).

For domestic payments, requirements may vary depending on the country, region, or payment scheme. We recommend that you consult your bank or payment service provider for guidance on local requirements

Closing

Please begin your internal assessments as early as possible to ensure a smooth transition. Should you have any questions or wish to schedule a dedicated session with our payment standards team, feel free to reach out to your relationship manager or contact us at [insert contact email/phone].

Thank you for your continued partnership and support in advancing global payment practices.

Kind regards,

[Your Name]
[Your Title]
[Bank Name]
[Contact Details]